

**VIRGINIA GAS & OIL BOARD
WORK COMMITTEE MEETING**

FEBRUARY 6, 2009

The following is a summary of the February 6, 2009 Committee Meeting:

Members present: Chairman Bruce Prather, Katie Dye, Peggy Barber, Mary Quillen, Donnie Ratliff and Bill Harris.

Also present were Catherine Jewell, Juanita Sneeuwjagt, Gladys Counts, Shirley Keene, Thelma Osborne, Martha Gilliam, Robert Rasnick, William Sargent, Scotty Wampler, Maurice Roysner,- Kevin West, Jerry Grantham, Frank Henderson, Ralph Perry, Sue Taylor, Rick Powers and Deloris Clark.

Also present were David Asbury Principal Executive to the Staff of the Board and Gloria Clark, Office of the Attorney General.

The meeting was called to order by Chairman Prather at 2:45 PM.

Chairman Prather opened the meeting by thanking the members for the hard work and dedication to the committee meetings. Chairman Prather further stated that he was pleased with the response he had received from the operators for the request for post production cost expenses.

The Committee continued to discuss the recommendation previously submitted to the full Board regarding a statute change which would require operators of coalbed methane wells to control a minimum of 25 percent of the surface, coal and gas rights before requesting the establishment or pooling of an unleased party.

Discussion was had regarding AFE's and use by companies for reporting post production costs. Suggestions were made the the Board and/or the Division develop an AFE form for use by the operators. This matter will be discussed further at the Gas and Oil Board hearings.

Director David Asbury gave a PowerPoint presentation and provided a recommendation to the committee, similar to the amended language in Delegate Phillips House Bill 2518 and the amended language currently pending by Senator Puckett. After the presentation and considerable debate by the committee, the vote was a 3 to 3 tie; thus the motion and vote failed.

Chairman Prather then discussed and suggested a motion be made to re-recommend that the 25% cap fee be put to a vote and Mr. Harris made a motion there be no deductions from the 1/8th royalty as previously discussed by the committee. Motion was made by Bill Harris but failed due to the lack of a second.

Chairman Prather than stated, after long debate and a review of preponderance of evidence and testimony, the committee had no recommendations to bring forth before the full Board.

There being no further business to discuss, motion was made and seconded that meeting (and the committee) be adjourned.

This ends the work of the committee.

Meeting was adjourned at 4:10 PM.

Respectfully submitted,

Gloria Clark
February 13, 2009